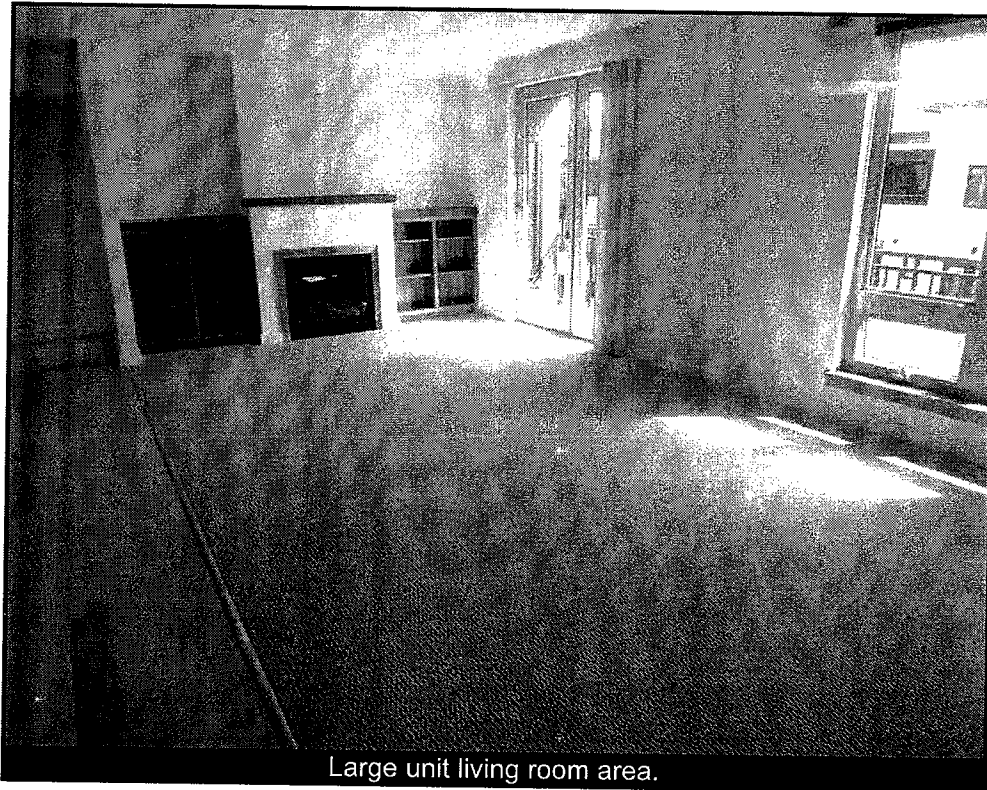


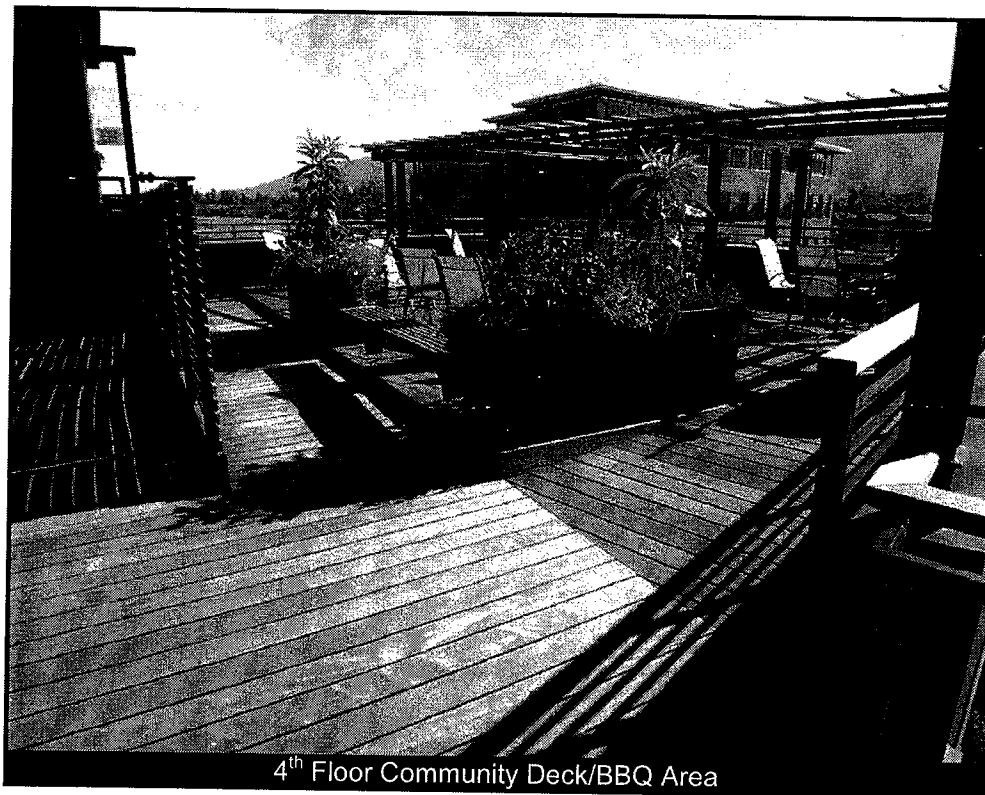
SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)



SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)

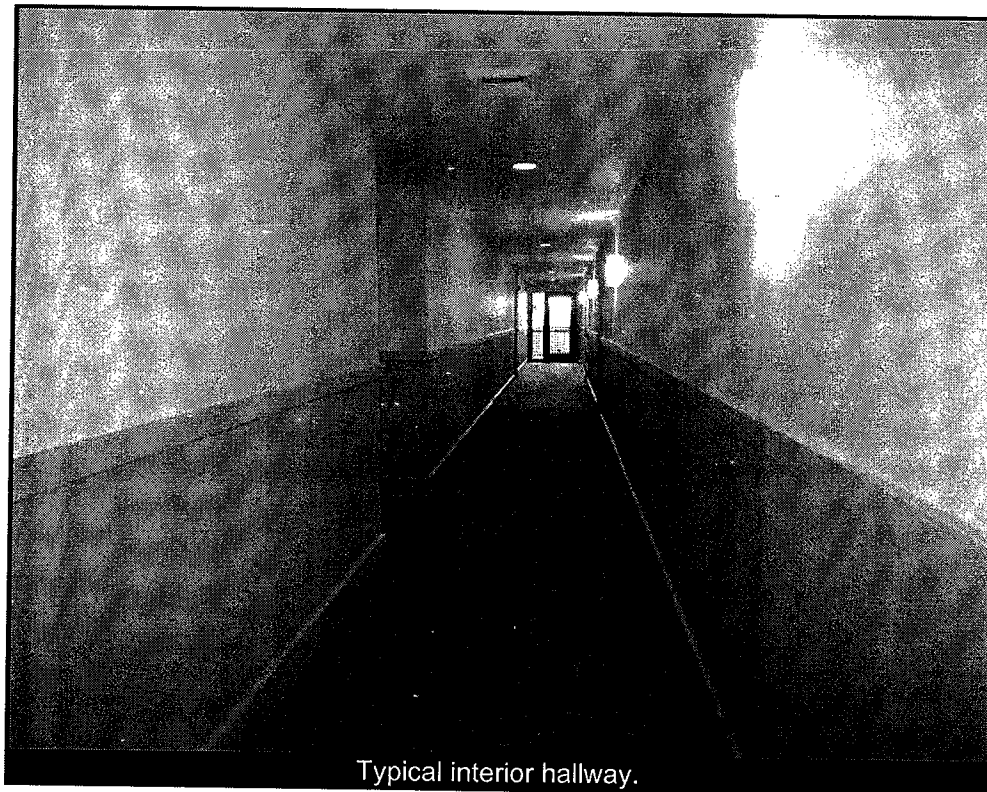
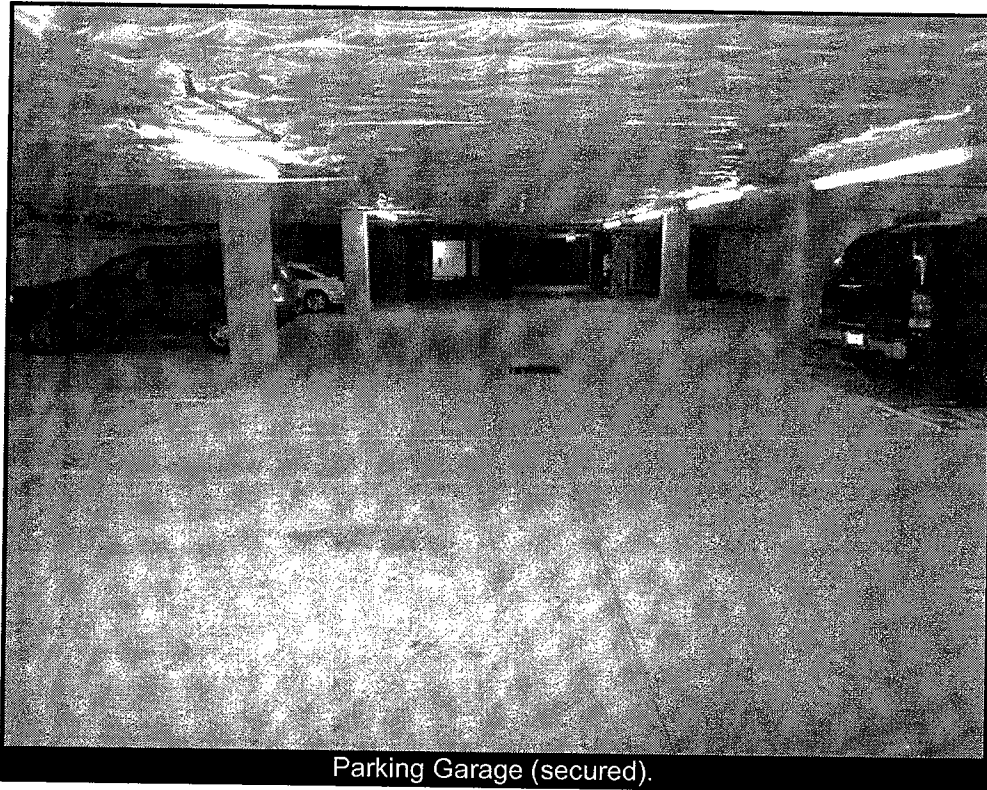


Large unit living room area.

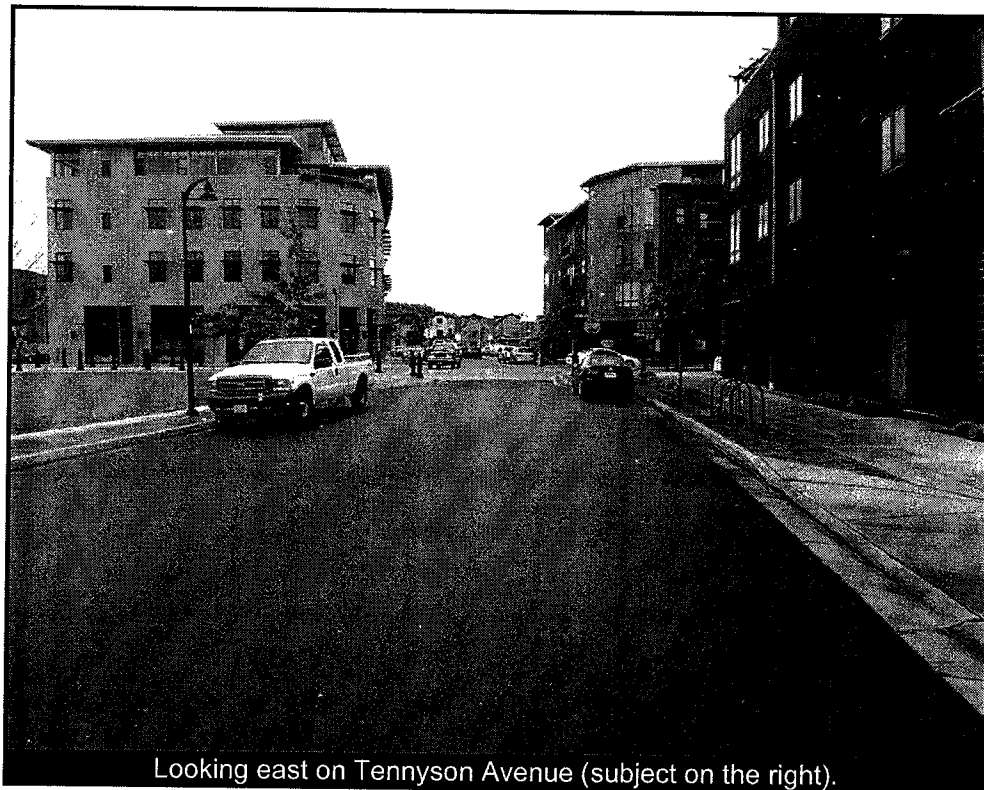
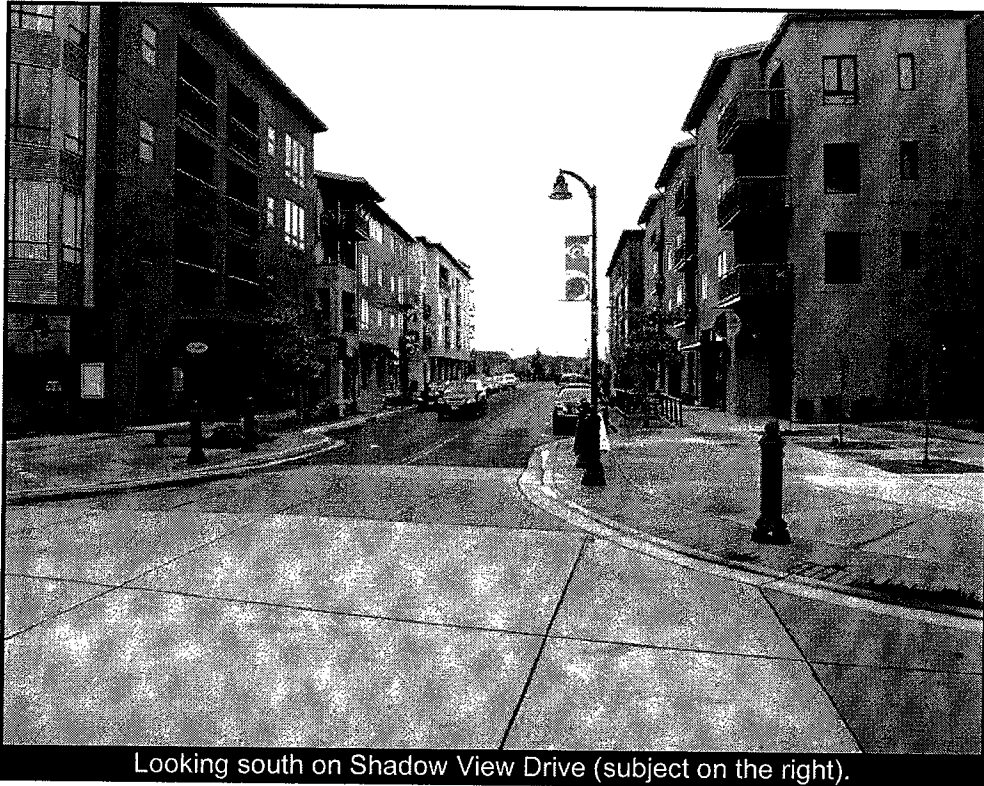


4th Floor Community Deck/BBQ Area

SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)



SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)



IMPROVEMENT DESCRIPTION**Introduction:**

The information presented below is a basic description of the subject property improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Property Type:

Mixed-use residential building with ground floor retail.

Buildings -

One (4-story Building)

Unit Mix:

Unit Types	No. Units	Size (SF)	Total (SF)
Studio/1 BA	3	471	1,413
Studio/1 BA	3	579	1,737
Flat/1 BD/1 BA	7	638	4,466
Flat/1 BD/1 BA	2	669	1,338
Flat/1 BD/1 BA + Den	7	781	5,467
Flat/2 BD/1 BA	2	848	1,696
Flat/2 BD/ 2BA + Den	2	890	1,780
Flat/2 BD/2 BA	19	972	18,468
Loft/2 BD/2 BA	2	1,174	2,348
Flat/2 BD/2BA + Den	2	1,364	2,728
Loft/3 BD/2 BA	2	1,407	2,814
Unit Total/Avg.	51	868	44,255
Retail Space			15,611
Common Area, Hallways, Lobby			18,535
Gross Building Area			78,401

Average Unit Size:

868 for the residential units.

Year Built:

2008

Age/Life Analysis -

Actual Age: 1 year (new)
 Effective Age: 1 year
 Economic Life: 60 years
 Remaining Life: 59 years

IMPROVEMENT DESCRIPTION (CONTINUED)

Quality & Condition:	The subject property is a good to excellent quality complex and is in excellent (new) condition. The subject's apartment units are built to condominium quality standards.
Density:	38.3 residential units per acre (51 units/1.33 acres)
Foundation:	Steel reinforced concrete basement and first level with wood frame above.
Exterior Walls:	Mostly stucco siding with some metal siding.
Roofing:	Mostly a slightly pitched roof with a membrane covering. There are some roof areas with a metal covering.
Insulation:	Exceeds building code in most areas of the building.
Plumbing:	All units are plumbed with full bathroom and kitchen facilities. Master bathrooms typically have two sinks.
Appliances:	Each unit is equipped with an oven/range combination, dishwasher, built in microwave/fan and refrigerator/freezer. All units have a washer and dryer.
Heating and A/C:	All units have a forced air heating system with air conditioning. Loft units have an additional P-TAC wall air conditioning unit for the loft bedroom. It is not common to have air conditioning in the subject's market area, but enhances the subject's luxury apartment appeal.
Elevator:	There is one elevator that provides access from the underground garage to all levels of the building.
Stairways:	There are three internal stairways in the building. One of the stairways serves the basement through the fourth floor and the other two stairways serve the first through the fourth floors. The stairways have sheetrock walls which have been painted and textured, concrete treads, and steel hand rails.
Hot Water:	Individual hot water heater inside each unit.
Lighting:	Lighting in the units is considered upgraded from typical apartments with superior appeal lighting fixtures.
Interior Walls:	Painted and medium textured finish on gypsum board.
Windows:	The windows are all luxury quality steel frame with double pane. The window sills are all finished with real wood trim. Window coverings consist of mini and vertical blinds.
Ceiling:	High ceilings in all the units. The 4 th floor units have vaulted ceilings in the living room area with skylights. All ceilings are textured and painted sheetrock.

IMPROVEMENT DESCRIPTION (CONTINUED)

- Doors and Trim:** Unit entry doors are solid wood and interior doors are hollow core wood. The unit balcony doors are all luxury quality steel frame with double pane windows. Some units have French Doors which are luxury quality steel frame with double pane windows. Exterior building doors are luxury quality steel frame with double pane windows.
- Floor Covering:** All units have hard wood floors in the entry, kitchen and part or all of the dining and living room area. All unit bathrooms have high quality vinyl floors. The bedrooms and other areas have high quality wall-to-wall carpeting.
- Cabinets:** All the unit kitchens and bathrooms have solid wood cabinets which is more typical of a luxury residential construction.
- Countertops:** All the unit kitchens and bathrooms have granite countertops which is more typical of a luxury residential condominium.
- Landscaping:** There is minimal landscaping with only one landscaped rain collection feature in the subject parking lot. This small area has grass, trees and shrubs. There is an irrigation system for this area.
- Project Amenities:** The project amenities include one elevator, a below grade secured parking garage, and a 4th floor community deck/BBQ area. There is also a small common area deck located near the center of the building on each floor.
- Unit Amenities:** Unit appliances include a washer and dryer and built-in microwave oven. Most of the units have a balcony/deck, and some of the larger units have an oversized balcony/deck. All units have high ceilings and 4th floor units have vaulted ceilings in the living room area. All units have hard wood in the entry, kitchen and part or all of the living and dining room area. All remaining areas of the units except the bathrooms have a luxury quality carpet covering. All the kitchen and bathroom cabinets are solid wood with granite countertops. All of the windows and deck doors are a luxury quality steel frame with double pane windows. All the windows have a wood window sill. All of the master bathrooms have a double sink. Some of the larger units have a gas fireplace.
- Parking:** The subject has 43 secured assigned subterranean parking spaces (garage) and 45 open parking spaces that are shared with the retail space. The subject's rents include open uncovered parking in the subject's parking lot, but do not include garage space parking. There is some additional parking available on the street. Please note, the underground parking structure is uncommon in the immediate market and adds to the tenant appeal.

IMPROVEMENT DESCRIPTION (CONTINUED)

Security Features:	The building has secured entry into the building and the subterranean garage. All units have dead bolt locks. The building has smoke detectors and is sprinklered for fire protection.
Deferred Maintenance:	None
Retail Space:	The subject has nine retail spaces of which five are leased out (10,416/SF leased). The remaining four retail spaces (5,195/SF vacant) are currently being offered for lease and are in a shell condition. Depending on the lease structure, rate, and tenant, the ownership may provide other improvements. Three of the four retail spaces have the potential to be combined into one space. The retail spaces have good exposure on Shadow View Drive.

MARKET ANALYSIS



In this section, an overview of market conditions which influence the marketability of the subject property will be considered. The major factors requiring consideration are the supply and demand conditions that influence multi-family development.

The supply of multi-family units in the area is very active with generally minimal opportunities for expansion of units due to the limited supply of land. Most of the existing complexes are average-quality, two and three-story, multi-building projects constructed in the late 1960s to 1990s with inferior unit and common area amenities. Therefore, the subject's position as a luxury quality (condominium quality), multi-family project has little competition in the immediate area.

An additional indication of the potential supply of multi-family units can be measured by the number of multi-family building permits issued. (It is important to note that these permits include "For Sale" condominiums and attached homes, as multi-family rental apartment permits are not available.) As the following table shows, recent multi-family permit activity in Eugene/Springfield area has been moderate with the exception of 2005. Springfield showed a slight increase in its 2005 activity but has had overall minimal activity since 1998. Eugene showed an increase in activity starting in 2004. Overall, multifamily building permits appear to be declining based on 2008 and 2009 year to date permits. The recent decline in permits corresponds to the decline in the local and national real estate market and economy in general.

MULTI-FAMILY BUILDING PERMIT ACTIVITY

Year	Eugene	Springfield	Total
1998	772	65	837
1999	613	49	662
2000	125	52	177
2001	127	47	174
2002	155	47	202
2003	52	92	144
2004	293	36	329
2005	571	133	704
2006	203	77	280
2007	258	95	353
2008	89	65	154
2009	186	0	186
2010 YTD	2	0	2

Source: US Census Bureau; 2010 YTD through January 2010.

On balance, the data suggests that the Eugene/Springfield area will see a low number of new apartment units in the near term.

MARKET ANALYSIS (CONTINUED)

Proposed & Potential Supply - There are approximately 1,575 new units proposed or under construction in the Eugene/Springfield area. It is expected that the current low vacancy in the market will slightly increase as these units are absorbed by the market. As shown on the chart below, there are only two luxury projects proposed and none under construction in the Eugene-Springfield market area. The proposed luxury projects include the Good Pasture Road Project (576 units) and the Steed Meadows project (330 units), and both are still in the preliminary planning stages and have not finalized whether they will be apartments or condominiums. The following chart shows units proposed or under construction in the subject's market area.

PROPOSED OR UNDER CONSTRUCTION

Project Name/Developer	Area	Number of Units	Comment
Proposed/Under Construction			
East Campus Residence Hall	Campus	450	Major residence hall planned to start construction by summer 2010.
Donald Lamb Building	West Eugene	35	Affordable Housing under construction with estimated completion October 2010.
Prarie View	Bethel/Danebo	64	Affordable Housing; Grand opening was slated for June 2009.
Hwy 99 LIHTC Project	Bethel/Danebo	45	Affordable Housing for ex-offenders; Planning Stage
1836 Alder Street	Campus	36	36 unit, 4-story apartment building near campus.
The Hilyard Abbey	Campus	19	19 units currently under construction; expected completion by Sept. 2010.
Waverly Apts.	Campus	20	20 units currently under construction; expected completion by Sept. 2010.
Goodpasture Road Project	Ferry St. Bridge	576	Proposed Market Rent Luxury Project
Steed Meadows Project	West Eugene	330	Proposed Market Rent Luxury Project
Total		1575	

Demand - Demand for apartment units is most typically measured by general demographic trends (including population growth). Vacancy rates also provide a direct source for measuring apartment demand.

Projected Population - Slow to moderate population and household growth is anticipated for the Eugene/Springfield area during the next five years. Population is projected to increase at a rate of about 0.70% in both Eugene and Springfield; slightly behind the State of Oregon and the nation. Please see the following chart for further data on population, households and housing units.

MARKET ANALYSIS (CONTINUED)

**SUMMARY OF DEMOGRAPHIC FORECASTS
CITY OF EUGENE & SPRINGFIELD, 2009-2014**

Location	2009	2014	Change	Annual Rate 2009-2014
POPULATION				
Springfield	56,185	58,155	1,970	0.69%
Eugene	146,908	151,929	5,021	0.67%
Oregon	3,841,859	4,064,906	223,047	1.14%
United States	309,731,508	324,062,684	14,331,176	0.91%
HOUSEHOLDS				
Springfield	21,879	22,698	819	0.74%
Eugene	62,168	64,469	2,301	0.73%
Oregon	1,495,911	1,584,044	88,133	1.15%
United States	116,523,156	122,109,448	5,586,292	0.94%
HOUSING UNITS				
Springfield	23,226	24,086	860	0.73%
Eugene	66,620	69,078	2,458	0.73%
Oregon	1,650,188	1,747,025	96,837	1.15%
United States	131,278,867	137,841,685	6,562,818	0.98%

Source: STDB Online

Employment Trends: The following chart offers a profile of historical employment trends based on industry employment information from the Current Employment Statistics (CES) program in the Lane County since 1995. Including the most current employment figures (Annual 2009), job growth in has increased an average of 0.71 percent per year since 1995. 2008 saw the first decrease in the number of employed people since 2003, due to the local and national economic recession. This decline sharply increased in 2009 with a loss of 12,400 jobs. The local and national economies are slowly improving and employment is expected to slowly grow in the second half of 2010.

EUGENE/SPRINGFIELD EMPLOYMENT TRENDS, 1995-2009

Year	Wage & Salary Employment	Annual Increase	Annual Percent
1995	129,500	3,200	
1996	133,100	3,600	2.78%
1997	136,800	3,700	2.78%
1998	139,700	2,900	2.12%
1999	142,100	2,400	1.72%
2000	143,900	1,800	1.27%
2001	142,500	-1,400	-0.97%
2002	143,200	700	0.49%
2003	142,000	-1,200	-0.84%
2004	145,100	3,100	2.18%
2005	149,900	4,800	3.31%
2006	154,000	4,100	2.74%
2007	156,800	2,800	1.82%
2008	154,500	-2,300	-1.47%
2009	142,100	-12,400	-8.03%
1995-YTD Average	---	1,053	0.71%

Source: Oregon Department of Employment and PGP Valuation Inc

MARKET ANALYSIS (CONTINUED)

Unemployment Trends— another indication of employment in the subject market area is unemployment data. The following chart shows the unemployment rate from 1995 to December 2009.

UNEMPLOYMENT TRENDS IN EUGENE/SPRINGFIELD MSA

Year	Number of Unemployed	Unemployment (Percent)
1995	8,310	5.3%
1996	8,786	5.5%
1997	8,733	5.5%
1998	9,402	5.7%
1999	8,822	5.3%
2000	9,164	5.4%
2001	11,619	6.8%
2002	12,318	7.1%
2003	13,866	8.0%
2004	12,598	7.2%
2005	10,786	6.1%
2006	9,695	5.4%
2007	9,395	5.2%
2008	12,119	6.6%
Dec-09	20,265	10.9%

Source; Oregon Employment Department

After a surge in the unemployment rate from its peak in 2003 due to a nationwide economic downturn, unemployment figures have rebounded and were generally stabilized near 5.0 percent. However, unemployment increased in 2008 and is currently at 10.9% in the Eugene-Springfield area (December 2009). The number of unemployed people grew from 12,118 in 2008 (annualized) to 20,265 in December 2009. This can be largely attributed to job losses in the manufacturing and construction sectors. The increase in unemployment is a result of the local and nation recession, and recovery is not expected to begin until 2010.

Vacancy - In regard to apartment vacancy rates, competitive projects were surveyed in the subject market area. In general, weak demand typically results in increased vacancy rates, more rent or move-in concessions to attract tenants, and erosion of the effective rents charged for apartment units. Strong demand typically is characterized by low vacancy rates, few concessions, and increasing rental prices.

A survey of competing projects shows vacancy for the 1,475 stabilized surveyed units at 4.7%, which indicates good demand for competitive projects in the market area. The chart below presents the major apartment developments which are considered to compete with the subject in the Eugene-Springfield area. Please note that Crescent Village East is a separate building across the street from the subject but is the same design and managed together with the subject building.

MARKET ANALYSIS (CONTINUED)

VACANCY SURVEY				
Project Name	No. Units	No. Vacant Units	Vacancy %	Year Built
Crescent Village West (Subj.)	51	1	2.0%	2008
Crescent Park Apartments	200	10	5.0%	2000
Boulders on the River	230	23	10.0%	1991
High Street Terrace	62	3	4.8%	1997
River Terrace	280	11	3.9%	1999
Forest Hills	248	10	4.0%	1996
Broadway Place	170	8	4.7%	2000
Creekside Village	183	4	2.2%	1996
Crescent Village East	51	0	0.0%	2008
Total / Average	1,475	70	4.7%	NAP

Source: PGP Valuation Inc

In summary, the vacancy rate for competitive projects is below the 5 percent historical averages for the Eugene-Springfield market area. Overall vacancy rates are expected to remain stable or increase slightly through 2010 recognizing the current state of the economy.

Rent Levels - Property managers in the area indicate that rents have been increasing over the past few years. Overall, rent levels are anticipated to remain stable or moderately decrease over the next few years recognizing difficulties in the US Economy and proposed new development in the subject's market area.

Concessions - The level of rental concessions being offered in a market area provides another indication of the level of demand for apartment units. According to the FirstService PGP Valuation Survey, five of the eight competitive projects surveyed are currently offering concessions or lowered monthly rents. Concessions were generally offered on vacant units only, and generally ranged from \$99 to one month's rent free with a one year lease. The rent survey indicates that concessions will likely become more prevalent in 2010/11 than in recent years when they were not typical. The subject is currently offering a concession of reduced monthly rent on only one unit which is vacant (unit 422 reduced by \$130 per month). The subject's property manager has typically reduced rents on vacant units, rather than offering some sort of other special. Overall, the subject may need to offer concessions or reduced monthly rent over the next few years due to the national recession and current market conditions.

Summary - The Eugene/Springfield apartment market is healthy despite adverse economic and employment conditions. Economic and employment conditions are expected to slowly improve over the next few years which will help strengthen the local apartment market. The subject is expected to see limited new development of competing luxury projects given there are only two luxury projects currently proposed, and recognizing current economic conditions. Overall, the Eugene/Springfield apartment market is expected to remain healthy, and slowly improve as the economy and employment slowly recover from the recession.

MARKET ANALYSIS (CONTINUED)**Commercial Market Analysis**

In this section, market conditions which influence the subject property are analyzed. The subject is a mixed-use apartment/retail building located within the Crescent Village planned unit development as previously discussed. The major factors requiring analysis are the supply and demand conditions in the subject market and submarket for retail development. To analyze supply and demand in the subject's market, we have relied on published studies by CoStar Property®. The market area is defined as the greater Eugene/Springfield area, while the submarket is a 2 mile radius from the subject.

Eugene/Springfield Market & 2 Mile Radius Submarket (Retail)				
Period	SUPPLY		VACANCY	
	Market	Submarket	Market	Submarket
2005	20,137,288	2,542,905	0.5%	0.2%
2006	20,322,885	2,715,162	1.4%	0.8%
2007	20,539,173	2,812,006	1.9%	1.2%
2008	20,577,340	2,893,816	2.7%	1.8%
2009	20,606,041	2,967,618	4.4%	6.2%
	-468,753			
Period	AVERAGE ASKING RENT PSF/MO. (NNN)		NET ABSORPTION	
	Market	Submarket	Market	Submarket
2005	\$15.39	N/Av	-8,996	42,820
2006	\$14.09	\$16.86	-102,552	153,199
2007	\$15.32	\$20.01	222,585	88,011
2008	\$17.26	\$24.16	-163,498	36,582
2009	\$15.57	\$19.00	-224,063	-46,206

Source: CoStar Property® NNN = Triple Net Y-T-D = Year-to-Date

Vacancy in the Eugene/Springfield market increased from 2.7% in 2008 to 4.4% in 2009, and vacancy in the subject's submarket increased from 1.8% in 2008 to 6.2% in 2009. Average asking rents in the Eugene/Springfield market decreased from \$17.26/SF in 2008 to \$15.57/SF in 2009 and from \$24.16 in 2008 to \$19.00/SF in 2009 within the submarket. Total net absorption in the Eugene/Springfield market from 2005 through 2009 was 276,527, which is less than the total additions to supply of 468,753/SF. Total net absorption in the submarket from 2005 through 2009 was 274,406, which is less than the total additions to supply of 424,713/SF.

Summary

Retail – The analysis above shows that vacancy is increasing and rents are decreasing in the subject's market area. New construction has historically been met with higher levels of net absorption and growth in retail sales has traditionally exceeded inflation; however, over the past 12 -18 month period conditions appear to have softened substantially for retail development. Despite the recent increase vacancy rates, the market and submarket are still within the 4%-6% range typically demonstrated by healthy markets; however, vacancies are projected to increase moderately in the short-term. In addition, additions to the market have exceeded absorption.

Subject - Overall, the subject commercial component appears to have a good competitive position. However, the subject has been negatively impacted by the stalled residential and commercial development in the PUD. A reasonable absorption period for the subject commercial component to achieve stabilization is eight quarters. This takes into account the softer market conditions nationwide for retail spaces as well as current vacancy levels typical of the subject's market area.

HIGHEST AND BEST USE ANALYSIS



The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. The highest and best use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. This theory is based upon the wealth maximization of the owner, with consideration given to community goals. A use which does not meet the needs of the public will not meet the above highest and best use criteria.

In keeping with proper appraisal theory, the analysis will begin by analyzing the subject as though it is vacant without any consideration given to the existing improvements. Following this section, an analysis of the current improvements will be considered.

"AS VACANT" ANALYSIS

Legally Permissible

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The subject site is zoned C-2 (Community Commercial) and is part of a PUD (Planned Unit Development). The C-2 Community Commercial zone is designed to implement the Metro Plan by providing areas for community commercial uses. These areas usually include at least 5 acres and not more than 40 acres, and are intended to include a wide range of purchaser goods and entertainment, office, and service needs for a support population smaller than that of the metropolitan area but larger than that of a neighborhood. Housing is also permitted in this zone, which may occur independently on individual lots or parcels, or be located in clusters that share parking facilities and other common areas. Mixed-use buildings with ground floor retail and apartments on the other floors are an allowed use. There is no maximum density of residential development; however the building height can not exceed 120 feet. The subject is also part of a PUD which has been approved by the City of Eugene. According to the City of Eugene's Development Code, the subject is a legal conforming use.

In summary, the subject could accommodate a wide range of commercial uses, including retail, services, and offices. This district also permits residential construction. There is a maximum building height of 120 feet but no maximum residential density. Based on the zoning designation and development standards, legal considerations support a mixed-use or commercial use as the highest and best use "as vacant."

Physical and Locational Considerations

The test of physical possibility addresses the physical characteristics associated with the site that might affect its highest and best use. The subject site has been previously discussed. The physical and locational characteristics of the property have been previously described in this report. The primary factors influencing the future use of the site "as vacant" include: (1) size, shape, and topography; (2) soils; (3) the availability of utilities; (4) access; and (5) overall location and abutting land uses.

HIGHEST AND BEST USE ANALYSIS (CONTINUED)

Regarding the size and shape of the site, the subject's overall size is 1.33 acres with extensive frontage on Shadow View Drive. This is adequate to accommodate commercial or mixed-use development. The width and depth is also adequate to support commercial or mixed-use development. The site is generally level. With respect to soils, based on the surrounding development, the subject soils appear to be suitable for commercial or mixed-use development. All utilities are available to the site.

Regarding locational characteristics, exposure of the subject is considered above average recognizing the subject's location about one block north of Crescent Avenue. Crescent Avenue is a Neighborhood Collector Street and the subject can be seen from this street. Additionally, there are plans to build a grocery store on the west side of the subject, and commercial buildings on the south side of the subject site. Overall, there are no physical limitations to prevent development of the subject site with any of the permitted uses previously described. The subject is primarily regarded as an above average commercial or mixed-use development location and a commercial or mixed-use development is concluded as the highest and best use "as vacant."

"AS IMPROVED" ANALYSIS**Legally Permissible**

Legally possible uses of the subject site were previously discussed. For the highest and best use as improved, the analysis shifts from a survey of potential uses to an evaluation of the new improvements. According to a review of the zoning code and applicable regulations by the City of Eugene, the subject is a legal, conforming use.

Locational and Physical Considerations

The physical and location characteristics of the subject improvements have been previously discussed in this report. The subject's location provides access to the full range of urban services. The subject is a four-story mixed-use retail/multi-family development with underground garage parking. The subject consists of good to excellent quality construction and is elevator served which is uncommon (but in demand) in the market area. Legal, physical, locational and marketability factors support the current improvements as the highest and best use of the subject site. Therefore, the property as improved, meets the physical and location criteria as the highest and best use of the property.

In addition to legal, physical and locational considerations, analysis of the subject property "as improved" requires the treatment of alternative uses for the property. The five possible treatments of the property are demolition, expansion, renovations, conversion, and continued use "as is". Among the five alternative uses, continued use as currently improved (apartment use) is the Highest and Best Use of the subject property. At the present time, conversion to a condominium is not supported due to adverse market conditions. However, when the condominium sales market improves (long term time horizon), the highest and best use could be a conversion to condominiums.

Market Feasibility

The marketability of the residential apartments and commercial space has been presented in the preceding Market Analysis section. Existing market conditions are declining due to the national recession; however, recognizing the subject's stabilized apartment operation and more than half leased commercial space, market conditions support the current use as the highest and best use "as improved."

HIGHEST AND BEST USE ANALYSIS (CONTINUED)

Conclusion

Legal and physical conditions have been previously discussed. In short, the subject mixed-use building meets these requirements. The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject use satisfies these regulations. The Market Analysis section indicates sufficient demand for the improvements. The subject development is legally permissible, physically possible, maximally productive, and well designed for its use. Therefore, the concluded highest and best use for the subject is continued use as a mixed-use apartment and commercial building.

VALUATION METHODOLOGY



The appraisal process, which is applied to most real estate properties, is designed to evaluate all factors that influence value. Regional and market area information has been presented to inform the reader of general outside influences that may affect value. In addition, the site and improvements have been described in detail. The interaction of the site and improvements establishes the utility and desirability of the entire property. The Highest and Best Use section evaluates the effect of legal, physical, and market considerations that influence the use of the property. The following paragraphs discuss the various methods used to value the subject property.

Cost Approach - This approach is based upon the principle that the value of the property is significantly related to its physical characteristics, and that no one would pay more for a facility than it would cost to build a like facility in today's market on a comparable site. In this approach, the market value of the site is estimated and added to the estimated depreciated value of the improvements. A Cost Approach is not presented. The exclusion of the Cost Approach is appropriate because it is not an approach to value used by buyers of properties like the subject. These factors combined render the Cost Approach to be an unreliable indicator of value. A reliable opinion of value was concluded without the use of the Cost Approach.

Income Approach - The Income Approach is based on the premise that properties similar to the subject are income producing, and that investors purchase these properties based upon their income-producing ability. In the Income Approach, market rents for the subject property are estimated, the applicable operating expenses are deducted, and the resulting net income is capitalized into a value estimate. The Income Approach is based on an analysis of information extracted from the market, and provides a comparison of the subject to properties of similar character and income-producing ability. The Income Approach is an applicable method for valuing the subject and will be used in this analysis.

Please note, that the Potential Gross Income Multiplier or Effective Gross Income Multiplier Methods were not used in the Income Approach (also known as the PGIM and EGIM). These methods were not appropriate for analysis of the subject due to the lack of similar mixed-use building sales with large commercial space.

Sales Comparison Approach - This approach is based on the principle of substitution. This principle states that no one would pay more for the subject property than the value of similar property in the market. This approach analyzes sales of comparable properties with regard to the nature and condition of each sale. Comparisons are made for varying physical characteristics. The Sales Approach is an applicable approach for valuing the subject and is used in this analysis.

Analysis of Value Conclusions - The approaches used to value the subject property will be correlated into a final value estimate of the Prospective Market Value at Stabilization, then deduct stabilization costs to arrive at the As Is Market Value. This report will also estimate the Insurable Replacement Cost of the subject.

INCOME APPROACH



The Income Approach is a good and accurate measure of the value of income-producing properties, as the value estimate by this approach is based on the premise that multiple family properties are income producing, and that investors purchase these properties based upon their income-producing ability. The appropriate methodology used within this approach is discussed below.

In the Direct Capitalization Method, market rents for the subject property are estimated, the applicable operating expenses are deducted, and the resulting net income is capitalized into a value estimate. This approach is based on an analysis of information extracted from the market, and provides a comparison of the subject to properties of similar character and income-producing ability.

DIRECT CAPITALIZATION METHOD

The first step in the Direct Capitalization Method is to estimate the subject's potential gross income. This process is accomplished through a comparison of the subject with similar properties having similar locations and utility. Vacancy allowance and operating expenses are deducted, based on market analysis. Finally, the resulting net operating income is capitalized at an appropriate supported rate.

Subject Utility Structure

- **Hot Water** - Not included in the rent (flat fee charged to tenants)
- **Cold Water** – Not included in the rent (flat fee charged to tenants)
- **Sewer** – Not included in the rent (flat fee charged to tenants)
- **Trash Removal** – Not included in the rent (flat fee charged to tenants)
- **Gas** – Not included in the rent; directly billed from utility company (gas fireplaces)
- **Electricity** - Not included in the rent; directly billed from utility company
- **Telephone** - Not included in the rent; directly billed from utility company
- **Cable** - Not included in the rent; directly billed from utility company

The subject has 43 secured assigned subterranean parking spaces (garage) and 45 open parking spaces that are shared with the retail space. The subject's rents include open uncovered parking in the subject's parking lot, but do not include garage space parking. There is some additional parking available on the street.

Selection of Comparables

A complete search of the area was conducted in order to find the most comparable complexes in terms of age, appeal, condition, number of units, and amenities. Rent comparables located in the subject's market area are used in this analysis. The subject is new and is in excellent condition with excellent tenant appeal. Please note, the subject was built to condominium standards and has luxury finishes which are not found at other luxury projects in the market area. The comparables selected in this analysis are the best luxury projects available for comparison in the market area, but have generally inferior construction and appeal compared to the subject.

Concessions - The comparables are adjusted for concessions prior to analysis. Please see the Comparable Data Sheets for the unadjusted rent for the comparables. As previously mentioned in the market analysis section, about half of the competitive properties are offering concessions.

INCOME APPROACH (CONTINUED)**Presentation**

The following presentation summarizes the comparables most similar to the subject property. A Rent Comparable Summation Table, Rent Comparable Location Map, Data Sheets with comparable photographs, and analysis of the rent comparables is presented on the following pages.

**RENT SUMMATION TABLE**

Comparable 1	Project Design	No. Units	Year Built	Project Size (NRA)	Avg. SF per Unit	Rent Type	Occup. Rate	Eff. Rent Range ¹		Eff. Rent Avg.
Crescent Park Apartments 2940 Crescent Avenue Eugene, OR	Garden	200	2000	178,594	893	Market	95%	\$744	\$814	\$781
Comparable 2										
Boulders on the River 655 Goodpasture Road Eugene, OR	Walk-Up	230	1991	255,468	1,111	Market	90%	\$879	\$1,318	\$1,102
Comparable 3										
High Street Terrace 1055 High Street Eugene, OR	High-Rise	62	1997	45,436	733	Market	95%	\$675	\$1,825	\$1,203
Comparable 4										
River Terrace 1150 Darlene Lane Eugene, OR	Garden	280	1999	262,834	939	Market	96%	\$772	\$1,000	\$872
Comparable 5										
Forest Hills 3950 Goodpasture Loop Eugene, OR	Walk-Up	248	1996	223,648	902	Market	96%	\$640	\$1,300	\$955
Comparable 6										
Broadway Place 255 West Broadway Eugene, OR	Mid-Rise	170	2000	121,100	712	Market	95%	\$695	\$1,205	\$923

¹ The Effective Rent has been adjusted for concessions. Please refer the data sheets for the unadjusted rent.

DELOIRME

Subject

Comp 1

Comp 2

Comp 3

Comp 4

Comp 5

Comp 6

Eugene

Willamette River

Beltline Rd

Greenwood Rd

Willamette St

Jefferson St

Monroe St

Chambers St

1st St

2nd St

3rd St

4th St

5th St

6th St

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INCOME APPROACH (CONTINUED)



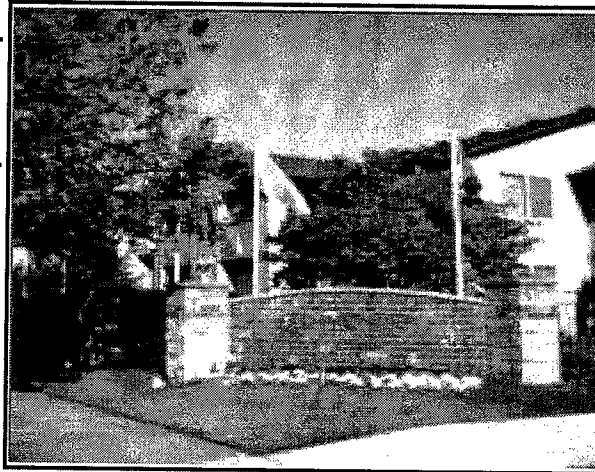
CRESCENT PARK APARTMENTS

Location Information

Address: 2940 Crescent Avenue
 City, State: Eugene, OR 97408
 MSA: Eugene-Springfield, OR MSA

Physical Information

Project Design: Garden
 No. of Units: 200
 Year Built: 2000
 Project Size(NRA): 178,594
 Average Unit Size(SF): 893
 Rent Type: Market
 Project Amenities: Outdoor pool, clubhouse, exercise facilities, business center, playground, basketball, Extra Storage, Reserved Parking, Uncovered Parking, Vaulted Ceilings
 Unit Amenities: W/d hookups, washer & dryer in unit, fireplace, dishwasher, vaulted ceilings



APARTMENT RENT 1

Security:

Parking: Open (Incl.), covered (Incl.), garage (Avail.)

Building Construction: Wood frame, Hardiplank exterior, Composition asphalt roof

Quality: Average/Good

Condition / Appeal: Average/Good / Average/Good

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input checked="" type="radio"/>	<input type="radio"/>
Hot Water:	<input type="radio"/>	<input checked="" type="radio"/>
Sewer:	<input checked="" type="radio"/>	<input type="radio"/>
Garbage:	<input checked="" type="radio"/>	<input type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input checked="" type="radio"/>	<input type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	39	690	\$745	\$755	\$785
Flat/2 BD/1 BA	83	884	\$744	\$744	\$744
Flat/2 BD/2 BA	78	1,004	\$814	\$814	\$814

Occupancy / Absorption

ID# 16351

No. of Vacant Units: 10
 Occupancy Rate: 95%
 Fees and Deposits: App Fee: \$42 Sec Dep: \$400
 Concessions: Reduced rent on the two-bedroom units.
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Shelsea
 Source: Manager
 Phone No. / Date: 866.608.1481 3/1/10

Remarks

Crescent Park is located in a homogenous area of complimentary uses including single family, multi-family and commercial. The rent figures do not include a \$35 charge for water/sewer/garbage and standard cable that is added to each unit month. Residents do not have the choice to reduce this fee by going without cable; therefore, for this analysis the w/s/g and cable is considered included in the rent and the analyzed rent is bumped up \$35 to account for water/sewer/garbage and cable fees. The concession is lowered rents on the two-bedroom units. Garage parking is available for \$90 per month, and carport parking is \$10 per month.

INCOME APPROACH (CONTINUED)



BOULDERS ON THE RIVER

Location Information

Address: 655 Goodpasture Road
 City, State: Eugene, OR 97401
 MSA: Eugene-Springfield, OR MSA

Physical Information

Project Design: Walk-Up
 No. of Units: 230
 Year Built: 1991
 Project Size(NRA): 255,468
 Average Unit Size(SF): 1,111
 Rent Type: Market
 Project Amenities: Outdoor pool, clubhouse, exercise facilities, spa, sauna, playground, basketball, big screen TV, Car wash station with vacuum; game room with pool table; sand volleyball court; riverfront picnic areas; 15-seat movie theatre.

Unit Amenities: Storage, w/d hookups, washer & dryer in unit, fireplace, deck, dishwasher, disposal, vaulted ceilings

Security: Unit deadbolt
 Parking: Open (Incl.), covered (Incl.), garage (Avail.)

Building Construction: Wood frame, Wood exterior, Composition asphalt roof

Quality: Average/Good

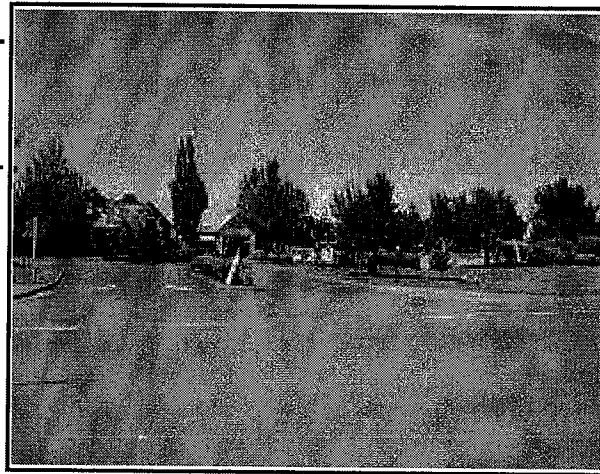
Condition / Appeal: Average/Good / Average/Good

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input type="radio"/>	<input checked="" type="radio"/>
Hot Water:	<input type="radio"/>	<input checked="" type="radio"/>
Sewer:	<input type="radio"/>	<input checked="" type="radio"/>
Garbage:	<input checked="" type="radio"/>	<input type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input type="radio"/>	<input checked="" type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	36	726	\$809	\$950	\$879
Flat/2 BD/2 BA	72	1,073	\$965	\$1,120	\$1,042
Flat/3 BD/2 BA	104	1,230	\$1,125	\$1,405	\$1,265
Townhouse/3 BD/2 BA	18	1,342	\$1,235	\$1,515	\$1,375



APARTMENT RENT 2

Occupancy / Absorption

ID# 16354

No. of Vacant Units: 23
 Occupancy Rate: 90%
 Fees and Deposits: App Fee: \$30 Sec Dep: \$200
 Concessions: Concession averages a half month of rent on 2BR and 3BR units.
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Breana or Kim
 Source: Leasing Agent/Consultant
 Phone No. / Date: 541.683.7188 3/1/10

Remarks

Boulders on the River is a good quality, wood frame, two-story, apartment complex located in a good location near the Willamette River in a neighborhood of similar luxury apartments. Half of the townhouses are located on the river and have the high end of the range rents. The improvements are in good condition and the complex is well maintained. One carport is included in the rent and additional carports are available for rent at \$15 per month; and garages are available for \$125/mo. Water and sewer billed back to the tenants at about \$23 for 1BD; \$24 for 2BR; \$25 for 3BR. The concession averages a half month of free rent on 2BR and 3BR units.

INCOME APPROACH (CONTINUED)



HIGH STREET TERRACE

Location Information

Address: 1055 High Street
 City, State: Eugene, OR 97401
 MSA: Eugene-Springfield, OR MSA

Physical Information

Project Design: High-Rise
 No. of Units: 60
 Year Built: 1997
 Project Size(NRA): 45,436
 Average Unit Size(SF): 757
 Rent Type: Market
 Project Amenities: Exercise facilities, elevator, Roof Top Deck with BBQ; Controlled Building Entry
 Unit Amenities: Air conditioning, dishwasher, disposal
 Security: Exterior lighting, unit deadbolt
 Parking: Open (Avail.)
 Building Construction: Steel frame, Stucco exterior, Built up roof
 Quality: Average/Good
 Condition / Appeal: Good / Good

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input checked="" type="radio"/>	<input type="radio"/>
Hot Water:	<input checked="" type="radio"/>	<input type="radio"/>
Sewer:	<input checked="" type="radio"/>	<input type="radio"/>
Garbage:	<input checked="" type="radio"/>	<input type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input type="radio"/>	<input checked="" type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	26	780	\$785	\$860	\$822
Flat/2 BD/1 BA	12	863	\$880	\$960	\$920
Penthouse/2 BD/2 BA	2	1,650	\$1,825	\$1,825	\$1,825
Studio/1 BA	20	575	\$675	\$725	\$700



APARTMENT RENT 3

Occupancy / Absorption

ID# 16353

No. of Vacant Units: 3
 Occupancy Rate: 95%
 Fees and Deposits: App Fee: \$25 Sec Dep: \$500
 Concessions: \$300 off the second month's rent.
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Sharon Hansen
 Source: Manager
 Phone No. / Date: 541.341.1362 3/1/10

Remarks

This is an 8-story high rise building located in downtown Eugene. Some of the units have a small balcony. All units have air conditioning in the living room area. No parking is included in the rent, but uncovered spaces are available for \$30 to \$40 per month (higher charge for spaces closer to the building). Newspaper service (Register Guard) is included in the rent. Concession is \$300 off the second month's rent on all units.

INCOME APPROACH (CONTINUED)



RIVER TERRACE

Location Information

Address: 1150 Darlene Lane
 City, State: Eugene, OR 97401
 MSA: Eugene-Springfield, OR MSA

Physical Information

Project Design: Garden
 No. of Units: 280
 Year Built: 1999
 Project Size(NRA): 262,834
 Average Unit Size(SF): 939
 Rent Type: Market
 Project Amenities: Clubhouse, exercise facilities, spa, basketball, big screen TV
 Unit Amenities: Washer & dryer in unit, fireplace, deck, dishwasher, disposal, vaulted ceilings
 Security: Perimeter fence, exterior lighting, unit deadbolt
 Parking: Open (Incl.), covered (Incl.), garage (Avail.)
 Building Construction: Wood frame, Wood exterior, Composition asphalt roof
 Quality: Average/Good
 Condition / Appeal: Average/Good / Average/Good

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input checked="" type="radio"/>	<input type="radio"/>
Hot Water:	<input type="radio"/>	<input checked="" type="radio"/>
Sewer:	<input checked="" type="radio"/>	<input type="radio"/>
Garbage:	<input checked="" type="radio"/>	<input type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input checked="" type="radio"/>	<input type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	47	690	\$750	\$795	\$772
Flat/2 BD/1 BA	102	878	\$810	\$855	\$832
Flat/2 BD/2 BA	75	1,004	\$855	\$915	\$885
Townhouse/2 BD/2.5 BA	28	1,158	\$980	\$1,020	\$1,000
Townhouse/2 BD/2.5 BA	28	1,183	\$1,000	\$1,045	\$1,022



APARTMENT RENT 4

Occupancy / Absorption

ID# 16357

No. of Vacant Units: 11
 Occupancy Rate: 96%
 Fees and Deposits: App Fee: \$42 Sec Dep: \$200
 Concessions: None
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Lydia
 Source: Manager
 Phone No. / Date: 866.323.8577 3/1/10

Remarks

This is a luxury project located in the Goodpasture Island Road area. The project charges \$35 per month for water, sewer, garbage, and cable which has been added to the quoted rents. Garages rent for \$85/month. The townhouse units include a garage in the rent. There are currently no specials at this property.

INCOME APPROACH (CONTINUED)



FOREST HILLS

Location Information

Address: 3950 Goodpasture Loop
 City, State: Eugene, OR 97401
 MSA: Eugene-Springfield, OR MSA

Physical Information

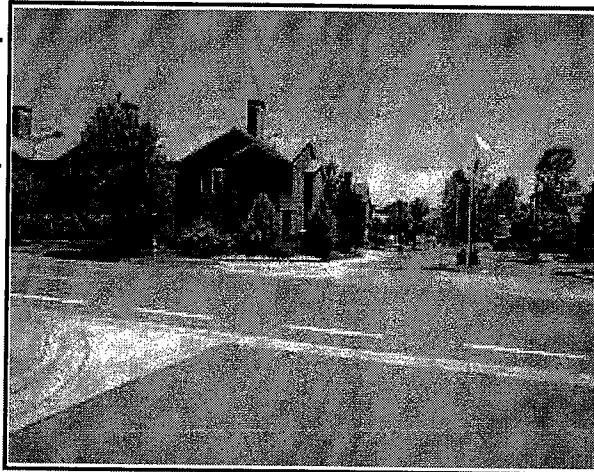
Project Design: Walk-Up
 No. of Units: 248
 Year Built: 1995
 Project Size(NRA): 223,648
 Average Unit Size(SF): 902
 Rent Type: Market
 Project Amenities: Outdoor pool, clubhouse, exercise facilities, spa, playground, laundry, big screen TV, Computer room with three computers
 Unit Amenities: Storage, w/d hookups, washer & dryer in unit, fireplace, air conditioning, deck, dishwasher, disposal, vaulted ceilings
 Security: Perimeter fence, exterior lighting, unit deadbolt
 Parking: Open (Incl.), covered (Incl.), garage (Avail.)
 Building Construction: Wood frame, Wood exterior, Concrete roof
 Quality: Average/Good
 Condition / Appeal: Average/Good / Average/Good

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input type="radio"/>	<input checked="" type="radio"/>
Hot Water:	<input type="radio"/>	<input checked="" type="radio"/>
Sewer:	<input type="radio"/>	<input checked="" type="radio"/>
Garbage:	<input type="radio"/>	<input checked="" type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input type="radio"/>	<input checked="" type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	12	546	\$665	\$665	\$665
Flat/1 BD/1 BA	68	723	\$735	\$735	\$735
Flat/1 BD/1 BA	20	820	\$825	\$825	\$825
Flat/1 BD/1 BA	8	822	\$915	\$915	\$915
Flat/2 BD/1 BA	42	943	\$825	\$825	\$825
Flat/2 BD/2 BA	33	1,041	\$1,025	\$1,035	\$1,030
Flat/3 BD/2 BA	6	1,197	\$1,250	\$1,250	\$1,250
Studio/1 BA	8	466	\$640	\$640	\$640
Townhouse/2 BD/2 BA	33	1,137	\$1,075	\$1,075	\$1,075
Townhouse/3 BD/2 BA	12	1,234	\$1,250	\$1,250	\$1,250
Townhouse/3 BD/2.5 BA	6	1,293	\$1,300	\$1,300	\$1,300



APARTMENT RENT 5

Occupancy / Absorption

ID# 16356

No. of Vacant Units: 10
 Occupancy Rate: 96%
 Fees and Deposits: App Fee: \$35 Sec Dep: \$99
 Concessions: Reduced rents on some of the units.
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Julie or Ryan
 Source: Manager
 Phone No. / Date: 541.687.6800 3/1/10

Remarks

This comparable is a good quality, wood frame, two and three-story, 248-unit apartment complex located on Goodpasture Lakes Loop Road. This neighborhood consists of comparable luxury apartments on the Willamette River with good access to major shopping centers, and restaurants. All townhouse units come with a garage and 1041/SF, 1197/SF, 820/SF, 822/SF units all come with a garage. All other units include a carport parking space. Additional garages are available for \$100 per month. Concession is reduced rents on some of the units, and a \$99 security deposit on approved credit.

INCOME APPROACH (CONTINUED)



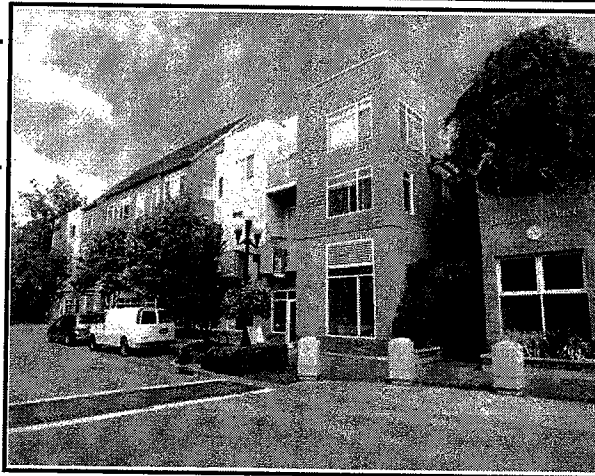
BROADWAY PLACE

Location Information

Address: 255 West Broadway
 City, State: Eugene, OR 97401
 MSA: Eugene-Springfield, OR MSA

Physical Information

Project Design: Mid-Rise
 No. of Units: 170
 Year Built: 2000
 Project Size(NRA): 121,100
 Average Unit Size(SF): 712
 Rent Type: Market
 Project Amenities: Elevator, Courtyard with fountain and tenant lounge.
 Unit Amenities: W/d hookups, washer & dryer in unit, deck, dishwasher, disposal
 Security: Exterior lighting, unit deadbolt
 Parking:
 Building Construction: Wood frame, Brick exterior, Composition asphalt roof
 Quality: Good
 Condition / Appeal: Good / Good



APARTMENT RENT 6

Utilities Information

	Incl. in Rent	Not Incl. in Rent
Electricity:	<input type="radio"/>	<input checked="" type="radio"/>
Water:	<input type="radio"/>	<input checked="" type="radio"/>
Hot Water:	<input type="radio"/>	<input checked="" type="radio"/>
Sewer:	<input type="radio"/>	<input checked="" type="radio"/>
Garbage:	<input checked="" type="radio"/>	<input type="radio"/>
Telephone:	<input type="radio"/>	<input checked="" type="radio"/>
Gas:	<input type="radio"/>	<input checked="" type="radio"/>
Cable/Satellite:	<input type="radio"/>	<input checked="" type="radio"/>
High Speed Internet:	<input type="radio"/>	<input checked="" type="radio"/>

Occupancy / Absorption

ID# 16352

No. of Vacant Units: 8
 Occupancy Rate: 95%
 Fees and Deposits: Fee: \$40 Sec Dep \$600
 Concessions: \$600 off move-in costs with a 6 or 12 month lease.
 Date Opened: Not Available
 Date Stabilized: Not Available
 No. of Units Leased: Not Available
 No. of Units Leased/Mo.: Not Available

Confirmation

Name: Kim
 Source: Leasing Agent/Consultant
 Phone No. / Date: 541.242.1077 3/1/10

Remarks

Broadway Place is a three-story luxury project located in downtown Eugene. The project has retail development on the first floor. The siding is a combination of brick and hardi-plank. Unit mix is estimated. Garage parking is available through the City of Eugene for about \$50/month. Garbage is included in the rent structure but water and sewer are metered. The leasing agent did not have an estimate of the water and sewer charges. The project does not currently have a waiting list. The rent concession is \$600 off move-in costs with a 6 or 12 month lease.

Unit Mix Information

Description	No. Units	Avg. Size	Low Rent	High Rent	Avg. Rent
Flat/1 BD/1 BA	15	687	\$925	\$945	\$935
Flat/1 BD/1 BA	15	717	\$995	\$995	\$995
Flat/1 BD/1 BA	10	718	\$950	\$1,040	\$995
Flat/1 BD/1 BA + Den	8	869	\$995	\$995	\$995
Flat/1 BD/1 BA + Den	8	875	\$1,025	\$1,025	\$1,025
Flat/1 BD/1.5 BA	16	925	\$1,050	\$1,050	\$1,050
Flat/2 BD/1 BA	12	863	\$1,165	\$1,165	\$1,165
Flat/2 BD/2 BA	12	1,004	\$1,255	\$1,255	\$1,255
Studio/1 BA	25	490	\$725	\$765	\$745
Studio/1 BA	25	558	\$740	\$795	\$767
Studio/1 BA	24	646	\$775	\$775	\$775

INCOME APPROACH (CONTINUED)**Discussion of Rental Adjustments**

Adjustments for differences between the subject property and the comparables can be made quantitatively or qualitatively. Adjustments for some differences can be derived from the market and are addressed in the Quantitative Adjustments paragraph. Other items for which dollar adjustments are more difficult to derive are addressed in the Qualitative Adjustments paragraph.

Quantitative Adjustments - The subject property and the comparables vary to some degree in terms of project amenities, unit amenities, parking, laundry, and utilities. The following grid illustrates the quantitative adjustments applied to the comparables (when necessary) in order to make the comparables similar to the subject in terms of these features.

RENT COMPARABLE ADJUSTMENTS												
Adjustments		Subject	Comp. Comparison to the Subject									
Subcategory	\$ Adj.		Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Comp. 6				
Project Amenities												
Pool	\$10	No	Yes (\$10)	Yes (\$10)	No \$0	No \$0	Yes (\$10)	No \$0				
Clubhouse	\$10	No	Yes (\$10)	Yes (\$10)	No \$0	Yes (\$10)	Yes (\$10)	No \$0				
Exercise facilities	\$10	No	Yes (\$10)	Yes (\$10)	Yes (\$10)	Yes (\$10)	Yes (\$10)	No \$0				
Subtotal			(\$30)	(\$30)	(\$10)	(\$20)	(\$30)	\$0				
Unit Amenities												
Fireplace	\$5	No	Yes (\$5)	Yes (\$5)	No \$0	Yes (\$5)	Yes (\$5)	No \$0				
Dishwasher	\$10	Yes	Yes \$0	Yes \$0	Yes \$0	Yes \$0	Yes \$0	Yes \$0				
Subtotal			(\$5)	(\$5)	\$0	(\$5)	(\$5)	\$0				
Laundry												
Laundry	\$5	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Washer/Dryer Hookups	\$10	Yes	Yes \$0	Yes \$0	No \$10	Yes \$0	Yes \$0	Yes \$0				
Washer/Dryer	\$25	Yes	Yes \$0	Yes \$0	No \$25	Yes \$0	Yes \$0	Yes \$0				
Subtotal			\$0	\$0	\$35	\$0	\$0	\$0				
Parking												
Open	\$5	Yes	Yes \$0	Yes \$0	No \$5	Yes \$0	Yes \$0	No \$5				
Carport	\$10	No	Yes (\$10)	No \$0	No \$0	Yes (\$10)	Yes (\$10)	No \$0				
Garage	\$50	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Subtotal			(\$10)	\$0	\$5	(\$10)	(\$10)	\$5				
Utilities Included in Rent												
Electricity	\$25	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Water	\$10	No	Yes (\$10)	No \$0	Yes (\$10)	Yes (\$10)	No \$0	No \$0				
Hot Water	\$15	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Sewer	\$10	No	Yes (\$10)	No \$0	Yes (\$10)	Yes (\$10)	No \$0	No \$0				
Garbage	\$10	No	Yes (\$10)	Yes (\$10)	Yes (\$10)	Yes (\$10)	No \$0	Yes (\$10)				
Telephone	\$25	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Gas	\$20	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Cable/Satellite	\$25	No	Yes (\$25)	No \$0	No \$0	Yes (\$25)	No \$0	No \$0				
High-Speed Internet	\$25	No	No \$0	No \$0	No \$0	No \$0	No \$0	No \$0				
Subtotal			(\$55)	(\$10)	(\$30)	(\$55)	\$0	(\$10)				
Total Adjustments			(\$100)	(\$45)	\$0	(\$90)	(\$45)	(\$5)				

Qualitative Adjustments - Adjustments for quality, design, appeal, and location are more subjective. For these adjustments, a bracketing comparative process is used, which emphasizes general upward and downward rental indicators. No specific dollar adjustments are made due to the subjective nature of these adjustments and the lack of direct market evidence.

Rent Comparable Adjustment Grids - The following tables adjust the comparables to the subject property both quantitatively and qualitatively.

INCOME APPROACH (CONTINUED)



RENT QUANTITATIVE ADJUSTMENT GRID

Comp. 1	No.	Avg.	Effective	Comparison to Subject					Total	Adjusted	Adjusted
	Units	Size	Rent ¹	Utility	Project	Unit	Laundry		Adjustment	Rent	Rent/SF
				Structure	Parking	Amenities	Amenities	Facilities			
Flat/1 BD/1 BA	39	690	\$785	(\$55)	(\$10)	(\$30)	(\$5)	\$0	(\$100)	\$685	\$0.99
Flat/2 BD/1 BA	83	884	\$744	(\$55)	(\$10)	(\$30)	(\$5)	\$0	(\$100)	\$644	\$0.73
Flat/2 BD/2 BA	78	1,004	\$814	(\$55)	(\$10)	(\$30)	(\$5)	\$0	(\$100)	\$714	\$0.71
Comp. 2											
Flat/1 BD/1 BA	36	726	\$879	(\$10)	\$0	(\$30)	(\$5)	\$0	(\$45)	\$834	\$1.15
Flat/2 BD/2 BA	72	1,073	\$999	(\$10)	\$0	(\$30)	(\$5)	\$0	(\$45)	\$954	\$0.89
Flat/3 BD/2 BA	104	1,230	\$1,213	(\$10)	\$0	(\$30)	(\$5)	\$0	(\$45)	\$1,168	\$0.95
Townhouse/3 BD/2 BA	18	1,342	\$1,318	(\$10)	\$0	(\$30)	(\$5)	\$0	(\$45)	\$1,273	\$0.95
Comp. 3											
Studio/1 BA	20	575	\$675	(\$30)	\$5	(\$10)	\$0	\$35	\$0	\$675	\$1.17
Flat/1 BD/1 BA	26	780	\$797	(\$30)	\$5	(\$10)	\$0	\$35	\$0	\$797	\$1.02
Flat/2 BD/1 BA	12	863	\$895	(\$30)	\$5	(\$10)	\$0	\$35	\$0	\$895	\$1.04
Penthouse/2 BD/2 BA	2	1,650	\$1,825	(\$30)	\$5	(\$10)	\$0	\$35	\$0	\$1,825	\$1.11
Comp. 4											
Flat/1 BD/1 BA	47	690	\$772	(\$55)	(\$10)	(\$20)	(\$5)	\$0	(\$90)	\$682	\$0.99
Flat/2 BD/1 BA	102	878	\$832	(\$55)	(\$10)	(\$20)	(\$5)	\$0	(\$90)	\$742	\$0.85
Flat/2 BD/2 BA	75	1,004	\$885	(\$55)	(\$10)	(\$20)	(\$5)	\$0	(\$90)	\$795	\$0.79
Townhouse/2 BD/2.5 BA	28	1,158	\$1,000	(\$55)	(\$10)	(\$20)	(\$5)	\$0	(\$90)	\$910	\$0.79
Townhouse/2 BD/2.5 BA	28	1,183	1,022	(\$55)	(\$10)	(\$20)	(\$5)	\$0	(\$90)	\$932	\$0.79
Comp. 5											
Studio/1 BA	8	466	\$640	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$595	\$1.28
Flat/1 BD/1 BA	12	546	\$665	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$620	\$1.14
Flat/1 BD/1 BA	68	723	\$735	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$690	\$0.95
Flat/1 BD/1 BA	20	820	\$825	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$780	\$0.95
Flat/1 BD/1 BA	8	822	\$915	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$870	\$1.06
Flat/2 BD/1 BA	42	943	\$825	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$780	\$0.83
Flat/2 BD/2 BA	33	1,041	\$1,030	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$985	\$0.95
Townhouse/2 BD/2 BA	33	1,137	\$1,075	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$1,030	\$0.91
Flat/3 BD/2 BA	6	1,197	\$1,250	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$1,205	\$1.01
Townhouse/3 BD/2 BA	12	1,234	\$1,250	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$1,205	\$0.98
Townhouse/3 BD/2.5 BA	6	1,293	\$1,300	\$0	(\$10)	(\$30)	(\$5)	\$0	(\$45)	\$1,255	\$0.97
Comp. 6											
Studio/1 BA	25	490	\$695	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$690	\$1.41
Studio/1 BA	25	558	\$717	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$712	\$1.28
Studio/1 BA	24	646	\$725	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$720	\$1.11
Flat/1 BD/1 BA	15	687	\$885	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$880	\$1.28
Flat/1 BD/1 BA	15	717	\$945	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$940	\$1.31
Flat/1 BD/1 BA	10	718	\$945	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$940	\$1.31
Flat/1 BD/1 BA + Den	8	869	\$945	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$940	\$1.08
Flat/1 BD/1 BA + Den	8	875	\$975	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$970	\$1.11
Flat/1 BD/1.5 BA	16	925	\$1,000	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$995	\$1.08
Flat/2 BD/1 BA	12	863	\$1,115	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$1,110	\$1.29
Flat/2 BD/2 BA	12	1,004	\$1,205	(\$10)	\$5	\$0	\$0	\$0	(\$5)	\$1,200	\$1.20

¹ The Effective Rent has been adjusted for concessions. Please refer the data sheets in the addenda for the original rent.

INCOME APPROACH (CONTINUED)

RENT QUALITATIVE ADJUSTMENT GRID								
Comparable 1	No. Units	Year Built	Comparison to Subject					Avg. Unit Size
			Quality	Condition	Appeal	Age	Location	
Crescent Park Apartments	200	2000	Inferior	Inferior	Inferior	Sl. Older	Similar	Similar
Comparable 2								
Boulders on the River	230	1991	Inferior	Inferior	Inferior	Older	Sl. Inferior	Larger
Comparable 3								
High Street Terrace	62	1997	Inferior	Inferior	Inferior	Older	Similar	Smaller
Comparable 4								
River Terrace	280	1999	Inferior	Inferior	Inferior	Sl. Older	Similar	Larger
Comparable 5								
Forest Hills	248	1996	Inferior	Inferior	Inferior	Older	Similar	Similar
Comparable 6								
Broadway Place	170	2000	Inferior	Inferior	Inferior	Sl. Older	Superior	Smaller

Market Rent Analysis

The following tables summarize the various indicators of market rent, and provide the market rent analysis and conclusions for the subject property.

RENT RANGE BY UNIT TYPE						
Studio Units						
Apt	Unit Type	Unit Size	Unadjusted Rent		Adjusted Rent	
Rent Comp.			\$	Per SF	\$	Per SF
5	Studio/1 BA	466	\$640	\$1.37	\$595	\$1.28
6	Studio/1 BA	490	\$695	\$1.42	\$690	\$1.41
6	Studio/1 BA	558	\$717	\$1.28	\$712	\$1.28
3	Studio/1 BA	575	\$675	\$1.17	\$675	\$1.17
6	Studio/1 BA	646	\$725	\$1.12	\$720	\$1.11
Minimum		466	\$640	\$1.12	\$595	\$1.11
Maximum		646	\$725	\$1.42	\$720	\$1.41
Average		547	\$690	\$1.27	\$678	\$1.25
Subject Averages & Analysis						
Studio/1 BA		471	\$766	\$1.63	Asking	
			\$765	\$1.62	Actual	

Analysis

There are three of these units in the building. The subject is unique in the market area as it has luxury condominium finishes like hardwood floors, granite countertops, built-in microwave ovens, and forced-air heating and air-conditioning. Its tenant appeal is also superior due to its mixed-use building design with commercial services available on the first floor. Based on the subject's newer date of construction, superior finishes and appeal, a rental rate above the high end of the comparables is reasonable. Comparable 6 represents the high end of the range and is larger than the subject but has inferior finishes and tenant appeal. Therefore, the concluded rent is above the high end of the comparable range and is supported by the average actual rent.

Estimated Market Rent Conclusion:	\$765	\$1.62
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